

Disclosure Statement

Dear Customer,

The Industrial and Commercial Bank of China Financial Services LLC (“ICBCFS”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). ICBCFS is a wholly-owned subsidiary of the Industrial and Commercial Bank of China Limited, a financial institution based in the People’s Republic of China with banking activities in the United States. ICBCFS is required by its regulators to periodically provide you with certain disclosures and other information. In addition to this Disclosure Statement, we encourage you to check the ICBCFS website regularly for announcements regarding our services, updated policies and procedures, and other news concerning your account.

ICBCFS recognizes the importance of protecting the privacy of our customers and as such, we have policies in place to maintain the confidentiality and security of customer information. It is ICBCFS’ general policy to restrict access to nonpublic client information to only those employees who have a need to know the information. ICBCFS may, in certain circumstances, share customer information with affiliates (including, without limitation, the Industrial and Commercial Bank of China Limited) in order to better serve you. ICBCFS must obtain your consent before it can share nonpublic customer information with, or obtain such information from its banking affiliates, including their credit evaluation of you. Unless and until you notify ICBCFS in writing to the contrary, you shall be deemed to have consented to the disclosure of nonpublic information between ICBCFS and its banking affiliates, to the extent permitted by law.

Important Information for Opening a New Account: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, when you open an account with ICBCFS, we will ask for your name, address, and any other information that will allow us to identify you. We may also request other identifying information and supporting documentation.

Information Concerning FINRA Broker Check: In connection with Rule 2280, FINRA requires that ICBCFS, as a member firm, notify our customers about the availability of information through the FINRA Broker Check program. The FINRA BrokerCheck Hotline Number is (800) 289-9999. FINRA’s website address is www.finra.org.

SIPC Disclosure: The SIPC is a non-profit, membership corporation funded by member broker-dealers. SIPC protects cash and securities held with ICBCFS as specified in the Securities Investor Protection Act. SIPC protects cash, including US dollars and foreign currency, to the extent that the cash was deposited with ICBCFS for the purpose of purchasing securities. ICBCFS is a member of the SIPC. Pursuant to Rule 2266, FINRA requires that ICBCFS, as a member, disclose to new customers, and annually to all customers, that they may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at the following address:

Securities Investor Protection Corporation
805 Fifteenth Street NW, Suite 800
Washington, DC 20005-2215
Telephone: (202) 371-8300
Facsimile: (202) 371-6728
Website: www.sipc.org

QUARTERLY ORDER ROUTING REPORTS AND OTHER ORDER ROUTING INFORMATION AVAILABLE UPON REQUEST

Exchange Act Rule 606 requires all brokerage firms to make publicly available quarterly reports describing their order routing practices. For ICBCFS, these quarterly reports describe how and where customer orders are routed when customers grant ICBCFS discretion over where to route an order rather than directing their order to a particular market center. ICBCFS' quarterly order routing reports are available on the ICBCFS website at www.icbkfs.com, or can be obtained by contacting ICBCFS Customer Service through the ICBCFS website at the Contact Us Page.

In addition to quarterly reports provided pursuant to Exchange Act Rule 606, broker-dealer is required upon a customer request to provide information regarding the identity of the market center to which the customer's orders were routed in the six months prior to the request; whether the order was a directed or non-directed order, and the time of the transaction, if any, that resulted from such order. Please contact the ICBCFS Customer Service Desk in writing through the ICBCFS website if you wish to receive the foregoing routing information for any order(s) within the past six months. Please type "Request for Order Routing Information" in the subject line of your request and please include your name, user id and account number as well as the date of the order, the security, the quantity, and any other information necessary to identify the order (e.g., the time of day if there were several similar orders that day).

Pursuant to Exchange Act Rule 607, unless the customer requests that ICBCFS route the order to a particular market center, ICBCFS will transmit orders accepted by it to various exchanges, non-exchange market centers or executing broker-dealers for execution based on a number of factors. These factors include price, including price-improvement opportunities, speed of execution, availability of efficient, automated transaction processing, liquidity-enhancement opportunities, the speed of displaying better-priced limit orders, access to reliable market data, trading characteristics of the particular securities and the extent to which different a market center may be more suitable for different types of orders or different securities. ICBCFS' order routing policies consider all of the factors listed above and are reasonably designed to result in favorable transaction processing for customers.

ICBCFS receives remuneration, compensation or other consideration for directing customer orders for securities to particular market centers for execution. Such consideration, if any, may take the form of credits against fees due such market centers, monetary payments, research, reciprocal agreements for the provision of order flow, products or services or other items of remuneration.

RISKS OF AFTER-HOURS TRADING

There are special characteristics and unique risks associated with trading in securities at times that are outside the ordinary trading hours for the exchange(s) upon which such securities are traded ("After-Hours Trading" or "Extended Hours Trading"). Customers must familiarize themselves with these risks and determine whether After-Hours Trading is appropriate in light of their objectives and experience. Customers are responsible for familiarizing themselves with the hours of the relevant markets upon which they trade and for determining when to place orders for particular securities, how they wish to direct those orders, and what types of orders to use. ICBCFS' offer of After-Hours Trading does not constitute a recommendation or conclusion that After-Hours Trading will be successful or appropriate for all customers or trades.

Some risks associated with After-Hours Trading are as follows:

- **Risk of Lower Liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

- **Risk of Higher Volatility.** Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular markets hours.
- **Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.
- **Risk of Unlinked Markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.
- **Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.
- **Risk of Wider Spreads.** The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.
- **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (“IIV”).** For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

During After-Hours Trading, ICBCFS may provide quotations from and execute Customer trades through various Electronic Communications Networks (“ECNs”), exchanges or other trading systems (“After-Hours Trading Facilities”). Quotations provided during After-Hours Trading may be different than quotations provided during exchange trading hours. Likewise, it is possible that the quotations displayed by ICBCFS from After-Hours Trading Facilities on which ICBCFS can execute Customer trades may be less favorable than those on other After-Hours Trading Facilities to which ICBCFS does not have access. Last sale information provided by ICBCFS may not reflect the prices of the most recent trades on all of the various After-Hours Trading Facilities.

- **DAY TRADING RISK DISCLOSURE STATEMENT**

This Day Trading Risk Disclosure Statement is being provided to you in the event your account becomes, or already is, classified as a Pattern Day Trader account. As required by SEC and SRO rules and regulations, ICBCFS will classify an account that effects three (3) day trades within a five (5) day period as a Pattern Day Trader account.¹ The regulations prohibit ICBCFS from permitting a Pattern Day Trader account from effecting any transactions unless such account maintains a Minimum Equity Requirement of at least \$25,000.

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a “day-trading strategy” means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

¹ A day trade is a buy and sell transactions in the same security on the same day.

- **Day Trading can be Extremely Risky.** Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.
- **Be Cautious of Claims of Large Profits from Day Trading.** You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.
- **Day Trading Requires Knowledge of Securities Markets.** Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.
- **Day Trading Requires Knowledge of a Firm's Operations.** You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to systems failures.
- **Day Trading will Generate Substantial Commissions, even if the Per Trade Cost is Low.** Day trading involves aggressive trading, and generally you will pay commission on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs \$16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of \$111,360 just to cover commission expenses.
- **Day Trading on Margin or Short Selling may Result in Losses Beyond Your Initial Investment.** When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.
- **Potential Registration Requirements.** Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

INFORMATION CONCERNING ICBCFS' BUSINESS CONTINUITY PLAN

ICBCFS maintains a business continuity plan that allows for effective operations under a variety of contingencies. The plan involves a hot backup facility at our primary and offsite locations. While details of the plan remain confidential for security reasons, we would like to share the following highlights with you.

- Redundancy at our primary and offsite locations protects critical hardware, software and telecommunications systems.
- Our offsite facilities are supported by a major recovery systems vendor with adequate infrastructure and proven performance during large-scale emergencies.

- Full-scale tests are performed at least semi-annually and testing of individual components is an ongoing effort. This includes, but is not limited to, functionality of proprietary systems, connectivity with clearing banks, information vendors, and market data providers, email and other internet services, and remote access.
 - Data from our production environment is mirrored in real-time to our offsite facility. This eliminates the need to rebuild intra-day data if recovery is required during the business day, as well as the time, effort and uncertainty associated with restoring data from tape or other off-line media.
 - Our offsite facilities are constantly monitored by software tools so we are immediately made aware of issues that might require attention.
 - High-speed, secure remote access allows our staff to work effectively from home or other locations if they cannot get to our recovery site. This same facility allows our remote access clients to reconfigure connectivity to our systems in a matter of minutes.
 - Contact information, including calling lists for our clients, are maintained at our recovery location and at a private, secure website so that we can remain in touch with you at all times and from any location.
 - Current operating status, contact information and other relevant data can be obtained at any time by sending an email to our auto-response system at status@fbpds.com.
- If an incident occurs and you cannot reach your ICBCFS Account Executive using the normal contact information, please call our emergency contact number at (888) 528-1402 or our disaster recovery site (201) 729-2000 for information concerning your account

RULE 4311. CARRYING AGREEMENTS

(a)(1) Unless otherwise permitted by FINRA, a member shall not enter into an agreement for the carrying, on an omnibus or fully disclosed basis, of any customer account in which securities transactions can be effected ("customer account" or "account"), unless such agreement is with a carrying firm that is a FINRA member. An introducing firm that acts as an intermediary for another introducing firm(s) for the purpose of obtaining clearing services from the carrying firm must notify such carrying firm of the existence of such arrangement(s) and the identity of the other introducing firm(s). Each such carrying agreement(s) shall identify and bind every direct and indirect recipient of clearing services as a party thereto.

(2) A carrying firm may enter into a carrying agreement(s) for the carrying of the customer accounts of a person other than a U.S. registered broker or dealer, subject to the conditions set forth in this Rule.

(b)(1) The carrying firm shall submit to FINRA for prior approval any agreement for the carrying of accounts, whether on an omnibus or fully disclosed basis, before such agreement may become effective. The carrying firm also shall submit to FINRA for prior approval any material changes to an approved carrying agreement before such changes may become effective.

(2) A carrying firm may use a standardized form of agreement that has been approved by FINRA pursuant to paragraph (b)(1) of this Rule, to enter into new carrying arrangements with other U.S. registered brokers or dealers, without the resubmission and re-approval of such agreement. However, a carrying firm must submit to FINRA for approval each carrying agreement that includes a party that is not a U. S. registered broker or dealer.

(3) As early as possible, but not later than 10 business days, prior to the carrying of any accounts of a new introducing firm (including the accounts of any introducing firm(s) for which a new or existing introducing firm is acting as an intermediary in

obtaining clearing services from the carrying firm) the carrying firm shall submit to FINRA a notice identifying each such introducing firm by name and CRD number and shall include such additional information as FINRA may require.

(4) Each carrying firm shall conduct appropriate due diligence with respect to any new introducing firm relationship to assess the financial, operational, credit and reputational risk that such arrangement will have upon the carrying firm. FINRA, in its review of any arrangement, may in its discretion require specific items to be addressed by the carrying firm as part of such firm's due diligence requirement under this Rule. The carrying firm shall maintain a record, in accordance with the timeframes prescribed by SEA Rule 17a-4(b), of the due diligence conducted for each new introducing firm.

(c)(1) Each carrying agreement in which accounts are to be carried on a fully disclosed basis shall specify the responsibilities of each party to the agreement, including at a minimum the allocation of the responsibilities set forth in paragraphs (c)(1)(A) through (I) and (c)(2) of this Rule. The allocation of such responsibilities shall be subject to approval by FINRA pursuant to paragraph (b)(1) of this Rule.

(A) Opening and approving accounts.

(B) Acceptance of orders.

(C) Transmission of orders for execution.

(D) Execution of orders.

(E) Extension of credit.

(F) Receipt and delivery of funds and securities.

(G) Preparation and transmission of confirmations.

(H) Maintenance of books and records.

(I) Monitoring of accounts.

(2) Each carrying agreement in which accounts are to be carried on a fully disclosed basis shall expressly allocate to the carrying firm the responsibility for the safeguarding of funds and securities for the purposes of SEA Rule 15c3-3 and for preparing and transmitting statements of account to customers. However, the carrying firm may authorize the introducing firm to prepare and/or transmit statements of account to customers on the carrying firm's behalf with the prior written approval of FINRA.

(d) Each customer whose account is introduced on a fully disclosed basis shall be notified in writing upon the opening of the account of the existence of the carrying agreement and the responsibilities allocated to each respective party. The carrying firm shall be responsible for the content of such notification to the customer. The customer shall be notified promptly and in writing in the event of any change to any of the parties to the agreement or any material change to the allocation of responsibilities thereunder.

(e) Each carrying agreement shall expressly state that to the extent that a particular responsibility is allocated to one party, the other party or parties will supply to the responsible organization all appropriate data in their possession pertinent to the proper performance and supervision of that responsibility.

(f) A carrying agreement may authorize an introducing firm to issue negotiable instruments directly to its customers on the carrying firm's behalf, using instruments for which the carrying firm is the maker or drawer, provided that the parties comply with SEA Rule 15c3-3 and further that the introducing firm represents to the carrying firm in writing that such introducing firm maintains, and will enforce, supervisory policies and procedures with respect to the issuance of such negotiable instruments that are satisfactory to the carrying firm.

(g)(1) Each carrying agreement shall expressly authorize and direct the carrying firm to:

(A) furnish promptly to the introducing firm and the introducing firm's designated examining authority (or, if none, to its appropriate regulatory agency or authority) any written customer complaint received regarding the conduct of the introducing firm or firms and its associated persons; and

(B) notify the complaining customer, in writing, that it has received the complaint and that such complaint has been furnished to the introducing firm and its designated examining authority (or, if none, to its appropriate regulatory agency or authority).

(2) Upon a showing of good cause, FINRA, at its discretion, may exclude certain carrying firms from the requirements of paragraph (g)(1) in instances where the introducing firm is an affiliated entity of the carrying firm.

(h)(1) At the commencement of the agreement and annually thereafter, the carrying firm must furnish to each of its introducing firms a list of all reports (e.g., exception reports) available to assist the introducing firm with the responsibilities allocated to it pursuant to the carrying agreement. The introducing firm must promptly request of the carrying firm, in writing, those offered reports that it requires.

(2) No later than July 1 of each year, the carrying firm shall notify the introducing firm's chief executive and chief compliance officer(s) in writing of the list of reports offered to, requested by and supplied to the introducing firm as of the date of the notice. A copy of this written notice must at the same time be provided to the introducing firm's designated examining authority (or if none, to its appropriate regulatory agency or authority).

(3) The carrying firm shall maintain as part of its books and records those reports requested by and supplied to the introducing firm. The carrying firm may satisfy the requirements of this paragraph by furnishing, upon request of the introducing firm's designated examining authority (or if none, to its appropriate regulatory agency or authority):

(A) a re-created copy of the report originally produced; or

(B) the format of the report and the applicable data elements contained in the original report.

(4) Upon a showing of good cause, FINRA, at its discretion, may exclude certain carrying firms from the requirements of this paragraph (h) in instances where the introducing firm is an affiliated entity of the carrying firm.

(i) All carrying agreements shall require each introducing firm to maintain its proprietary and customer accounts, and the proprietary and customer accounts of any introducing firm for which it is acting as an intermediary in obtaining clearing services from the carrying firm, in such a manner as to enable the carrying firm and FINRA to specifically identify the proprietary and customer accounts belonging to each introducing firm. The requirements of this paragraph (i) shall apply to intermediary clearing arrangements that are established on or after February 20, 2006.

• • • **Supplementary Material:** -----

.01 Material Changes. For purposes of paragraph (b)(1) of this Rule, material changes include, but are not limited to, changes to: (a) the allocation of responsibilities required by this Rule; (b) termination clauses applicable to the introducing firm; (c) any terms or provisions affecting the liability of the parties; and (d) the parties to the agreement (including, for example, the addition of a new party to the agreement, such as a "piggyback" arrangement, a new carrying firm or a new introducing firm, but not including a termination of the agreement).

.02 Notice of New Introducing Firm Arrangement. For purposes of the notice requirements of paragraph (b)(3) of this Rule, the carrying firm shall submit a questionnaire in such form as to be specified by FINRA in a Regulatory Notice, which questionnaire may be updated from time to time as FINRA deems necessary.

.03 Due Diligence. For purposes of paragraph (b)(4) of this Rule, the carrying firm's due diligence may include, without limitation, inquiry by the carrying firm into the introducing firm's business model and product mix, proprietary and customer positions, FOCUS and similar reports, audited financial statements and complaint and disciplinary history.

.04 Allocation of Responsibilities. For purposes of paragraphs (c)(1)(F) and (c)(2) of this Rule, members are reminded that receipt and delivery of customers' funds and securities and the safeguarding of such funds and securities must comply with the requirements of the SEC's financial responsibility rules, in particular SEA Rule 15c3-3, and applicable SEC guidance.

.05 Notice to Customers. For purposes of paragraph (d) of this Rule, notification to customers of a change to any of the parties to the carrying agreement is not required in instances where, consistent with applicable FINRA rules and the federal securities laws, such customers' accounts are being transferred pursuant to: (a) ACATS using an authorized Transfer Instruction Form (TIF); or (b) a process outside of ACATS where notification to customers is provided by means of an alternative mechanism such as affirmative or negative response letters.

Amended by SR-FINRA-2010-061 eff. Aug. 1, 2011.

Amended by SR-NASD-2005-058 eff. Feb. 20, 2006.

Amended by SR-NASD-97-76 eff. July 19, 1999.

Adopted by SR-NASD-93-46 eff. Apr. 15, 1994.

Selected Notices: [92-32](#), [93-50](#), [94-7](#); [97-79](#), [99-57](#), [05-72](#), [11-26](#).